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RUEHGZ/AMCONSUL GUANGZHOU 9267
RUEHHK/AMCONSUL HONG KONG 6323
RUEHGH/AMCONSUL SHANGHAI 0078
RUEHSH/AMCONSUL SHENYANG 5179
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STATE FOR EAP/RSP/TC AND EB/TPP/BTA, STATE PASS USTR FOR
ALTBACH, WINELAND, STRATFORD, USDOC FOR
ITA/MAC/AP/OPB/TAIWAN/JDUTTON, HHS FOR EVANDER, GENEVA FOR
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SUBJECT: TAIWAN HEALTH MINISTER: WHO, AVIAN FLU, AND 2G
HEALTH SYSTEM

¶1. (U) Summary: Minister of Health Hou Sheng-mou told AIT Director Young that preparing for Avian Influenza is the top priority of Taiwan's Department of Health (DOH). Taiwan is eager to participate meaningfully in WHO meetings and to work with the U.S. to respond to global health emergencies. DOH wants to help resolve pharmaceutical industry concerns about pricing policy. Minister Hou would like to meet Health and Human Services Secretary Leavitt in Geneva and find an opportunity for Taiwan CDC Director General Kuo to meet with HHS counterparts to discuss Avian Flu and pharmaceutical policy. Upcoming TIFA meetings are a good chance to raise IPR and market access issues. Action Request para 8. End Summary.

Avian Flu Taiwan's Top Concern

¶2. (U) Director Young (accompanied by Econ Chief and Econoff (notetaker)) paid an introductory call on Minister of Health Hou Sheng-mou April 24. Hou was accompanied by Counselor Hsiao Mei-ling, CDC Director General Steve Kuo, and International Cooperation Director Peter Chang. The Director congratulated Taiwan on its preparations for Avian Influenza (AI) and noted Taiwan Center for Disease Control (CDC) Director General Steve Kuo has been an excellent interlocutor on emergency preparedness issues. Minister Hou thanked AIT for facilitating cooperation between the US and Taiwan CDCs during SARS and noted that he had raised the possibility of increased cooperation during Congressman John Linder's (R-GA) recent visit to Taiwan. AI preparations remain Taiwan's top health priority, said Hou, and, although he hoped the warm weather will limit the possibilities of an outbreak, he was eager to continue work to prevent any cases in Taiwan.

Taiwan's International Profile

¶3. (U) The Director encouraged Taiwan to continue participating in World Health Organization (WHO) sponsored technical meetings and to demonstrate that it can make a

meaningful contribution. Hou agreed that meaningful participation was Taiwan's goal in these meetings but noted that Taiwan had still been unable to attend one third of the meetings due to late notice or other problems. Taiwan would like to share its experience and cooperate with the U.S. and others in time of crisis, Hou said. Taiwan sent medical supplies and teams to Indonesia after the tsunami and contributed to Hurricane Katrina relief as well. The Director praised Taiwan's contributions and suggested that relief efforts were a good way to demonstrate Taiwan's sense of international responsibility. He encouraged Taiwan to unilaterally agree to the WHO International Health Regulations.

Still Feeling the Heat on Beef

14. (U) Hou turned to U.S. beef imports, lamenting that in spite of popular support for the decision to re-open Taiwan's market, DOH was still facing pressure from legislators to reverse itself. Hou asked for additional support from U.S. experts to demonstrate that U.S. beef is safe. Young said the U.S. position was that food safety decisions should be based on sound science and praised Taiwan for its transparent and science-based decision making process. Hou asked that the U.S. prominently announce any Japanese decision to reopen its market. He also suggested that DOH's move to reopen Taiwan's market contributed to the Legislative Yuan (LY) decision to freeze the DOH budget. Hou said good news from Japan or Korea could ease the pressure here.

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Pharma Policy Key to TIFA Talks

15. (U) The Director then raised pharmaceutical policy issues. Makers of innovative pharmaceutical products are concerned that pricing policies discriminate in favor of generic drugs, to the detriment of Taiwan patients. Hou responded that Taiwan's health care system is modeled on the Canadian system. As such, government needed to find the balance between encouraging the best treatments and keeping costs in check. The Director replied that research and development relies on innovator's ability to market their products and encouraged Taiwan to do more to encourage innovative products. Deputy USTR Bhatia will participate in the May Trade and Investment Framework Agreement (TIFA) meetings and it is important for DOH to be engaged.

Taiwan's Health Care Reforms

16. (U) Hou explained that Taiwan's health care system is in need of reforms. "Global budgets" and "balanced billing" will be an important part of Taiwan's "second generation health care system," said Hou. Global budgeting will cap the amount each hospital can be reimbursed by the National Health Insurance (NHI). Balanced billing will reduce costs by capping the maximum reimbursement for each treatment. Patients can then purchase innovative drugs or medical devices for an additional charge. This will allow the NHI to save money while speeding up the entry of new drugs and devices onto the Taiwan market, according to Hou. CDC DG Kuo added that this could be good news for the pharmaceutical industry and would encourage more market flexibility. DOH Counselor Hsiao acknowledged that U.S. companies opposed the idea, but suggested Taiwan could address their concerns after the new pharmaceutical law had been passed. Hou added that DOH believes this will be a good system to get drugs into the Taiwan market quickly and that Taiwan is looking to Korea for advice on how to carry out reforms.

Making Biotech Bigger

¶7. (U) The Director asked for DOH's view on Biotech issues. Hou responded that Taiwan policy is to encourage the development of biotech and was directing as much investment as possible to the field. The National Science Council is overseeing the creation of a biotech science park near Hsinchu. Counselor Hsiao added that Taiwan's National Institute of Health (NIH) had already moved to a location nearby. On DOH's stance toward genetically modified organisms (GMO), Hou said his main concern was only to get information into the hands of consumers. Hsiao noted that some groups opposed GMO products, but that the level of protest was insignificant compared to Japan or the European Union.

Hou/Kuo Meeting with HHS Sec Leavitt?

¶8. (U) International Cooperation Director Peter Chang noted that Minister Hou had met with U.S. Health and Human Services Secretary Mike Leavitt in August 2005. According to Chang,

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both sides agreed to pursue future meetings. Chang asked if it was possible to arrange a meeting between Minister Hou and Secretary Leavitt on the margins of the WHO meeting in Geneva

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in May or for CDC DG Kuo to meet with Secretary Leavitt in Washington to discuss AI and pharmaceutical policy.

¶9. ACTION REQUEST: AIT/T would appreciate HHS views on the possibility of a meeting between Minister Hou and Secretary Leavitt in Geneva, as well as CDC DG Kuo with counterparts in

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Washington.

¶10. (SBU) Comment: Post-SARS, AIT/T has had excellent cooperation with DOH on crisis prevention and management. This good feeling has spilled over into some aspects of our trade relationship, but DOH remains a very conservative organization filled with medical doctors turned bureaucrats who are unaccustomed to consultation, cooperation, and openness. TIFA discussions will present us with an opportunity to strongly push for additional IPR protection for pharmaceuticals, fair market access, and a level regulatory playing field for U.S. health and medical products and services. End Comment.
YOUNG